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UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WASHINGTON
AT SPOKANE

3E PROPERTIES, a Washington
general partnership; and
EASTERDAY FARMS PRODUCE,
CO., a Washington corporation,

Plaintiffs,

v.

RABO AGRIFINANCE LLC, a
Delaware limited liability company,
fka Rabo Agrifinance, Inc.,

Defendant.

Civil Action No.

COMPLAINT FOR DECLARATORY
JUDGMENT, QUIET TITLE AND
DAMAGES

JURY DEMAND

COMES NOW the Plaintiffs, 3E Properties, a Washington general
partnership, and Easterday Farms Produce, Co., a Washington corporation
("Plaintiffs") by and through their attorneys of record, Russell D. Garrett and
Daniel L. Steinberg of Jordan Ramis PC and Michelle Green of Gatens Green

1 Weidenbach, PLLC, and for its causes of action against Defendant, RABO
2 AGRIFINANCE, LLC, f/k/a RABO AGRIFINANCE, INC., and hereby allege as
3 follows:
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5 **PARTIES, JURISDICTION AND VENUE**

6 1. Defendant, Rabo Agrifinance, LLC (“Rabo”), is a Delaware limited
7 liability company that is authorized to do business and is doing business in the
8 State of Washington.

9 2. Plaintiff, 3E Properties, is a Washington general partnership and is
10 domiciled in the State of Washington.

11 3. Plaintiff Easterday Farms Produce, Co. is a Washington corporation
12 and is domiciled in the State of Washington.

13 4. This court has original diversity jurisdiction in this matter pursuant to
14 28 U.S.C. § 1332 as there is complete diversity between Rabo, on the one hand,
15 and Plaintiffs, and the damages in this case exceed the sum or value of \$75,000.00,
16 exclusive of interest or costs.

17 5. For purposes of diversity jurisdiction, on information and belief Rabo
18 is a citizen of Delaware and Missouri and Rabo’s single member is a citizen of
19 New York. Accordingly, there is complete diversity between Rabo and Plaintiffs.

20 6. Venue is proper in this judicial district pursuant to 28 U.S.C.
21 § 1391(b)(2) because the Property that is the subject of this action is located in this
22 judicial district.

23 **FACTUAL BACKGROUND**

24 7. On September 4, 2009, Easterday Farms Produce, Co., a Washington
25 corporation (“Easterday Produce”), 3E Properties, a Washington general
26 partnership (“3E Properties”), and several non-parties entered into a Credit

1 Agreement with Rabo for a construction line of credit loan and an operating line of
 2 credit loan (collectively the “2009 Credit Agreement”).

3 8. To secure the amounts owed under the 2009 Credit Agreement, 3E
 4 Properties, and other non-parties, executed and delivered to Rabo a Washington
 5 Mortgage, Security Agreement, Fixture Filing, and Financing Statement (the “2009
 6 Mortgage”), which encumbered certain real property owned, in part, by 3E
 7 Properties. A true and correct copy of the 2009 Mortgage, including a legal
 8 description of the encumbered property, is attached hereto as Exhibit A.

9 9. On August 9, 2018, Plaintiffs, and other non-parties, executed a
 10 “Facility Sheet” (a term Rabo uses for a specific type of promissory note)
 11 promising to pay Rabo \$850,000.00 (the “2018 Credit Agreement”). A true and
 12 correct copy of the 2018 Credit Agreement is attached hereto as Exhibit B.

13 10. To secure the obligations under the 2018 Credit Agreement, Plaintiffs,
 14 and others, executed and delivered to Rabo a Mortgage, Assignment of Rents, and
 15 Security Agreement (the “2018 Mortgage”) which encumbered certain real
 16 property described therein. A true and correct copy of the 2018 Mortgage is
 17 attached hereto as Exhibit C. The real property described in Exhibits A and C shall
 18 hereinafter be referred to as the “Real Property.”

19 11. To further its security interest for both the 2009 Credit Agreement and
 20 the 2018 Credit Agreement, Rabo recorded UCC Filings (the “UCCs”)
 21 encumbering certain personal property owned by various people and entities
 22 including Plaintiffs (the “Personal Property”). A true and correct copy of the
 23 UCCs are attached hereto as Exhibit D.

24 12. In March 2021, while not in monetary default, Plaintiffs requested
 25 payoff numbers from Rabo for the 2009 Credit Agreement and the 2018 Credit
 26 Agreement. It was essential that Rabo provide this information so that the

1 Plaintiffs could pay these secured loans and unencumber the Real Property and
 2 Personal Property for immediate use in obtaining additional financing to allow for
 3 planting crops and furthering their business interests. Rabo was aware that the
 4 timing (March 2021) was critical because the time to plant crops was quickly
 5 approaching.

6 13. On or about March 19, 2021, Rabo provided payoff quotes for the
 7 2009 Credit Agreement and 2018 Credit Agreement which were secured by the
 8 2009 Mortgage and the 2018 Mortgage and the UCCs. True and correct copies of
 9 those quotes are attached hereto as Exhibit E.

10 14. Plaintiffs attempted to get wire instructions from Rabo who ignored
 11 the requests. Therefore, on March 23, 2021, Easterday Produce initiated an ACH
 12 transfer to Rabo in the amount of \$840,718.35 to satisfy the 2009 Credit
 13 Agreement and obtain a release of the 2009 Mortgage and UCCs.

14 15. On or about March 23, 2021, 3E Properties paid Rabo through Rabo's
 15 proprietary portal system \$407,089.90 to pay off the 2018 Credit Agreement.
 16 Contemporaneously with the two March 23, 2021 payments, Easterday Produce
 17 also delivered to Rabo a written explanation as to why the payments were higher
 18 than Rabo's payoff figures. A true and correct copy of the payment and
 19 explanation is attached here as Exhibit F.

20 16. Rabo accepted the full payment of the 2009 Credit Agreement and
 21 2018 Credit Agreement. Accordingly, all obligations secured by the 2009
 22 Mortgage, the 2018 Mortgage and the UCCs were satisfied and paid in full.

23 17. On or about March 31, 2021, Plaintiffs sent a letter via email and first-
 24 class mail demanding that Defendant release the mortgages held on the Real
 25 Property and release the lien, as evidenced by the UCCs on the Personal Property.

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1 A true and correct copy of the March 31, 2021, email and letter to Rabo are
 2 attached hereto as Exhibit G.

3 18. Despite that demand, Rabo refused, and continues to refuse, to release
 4 the 2009 Mortgage, the 2018 Mortgage, and the UCCs.

5 19. When Easterday Produce demanded a reason why Rabo would not
 6 release the liens on Plaintiffs' properties, Rabo stated that in 2020, Cody Easterday
 7 and Easterday Farms, a Washington general partnership, had entered into an
 8 unsecured Vendor Financing Agreement (the "VF Loan"), and because Cody
 9 Easterday was one of the borrowers, and a partner in 3E Properties, the 2009
 10 Mortgage, 2018 Mortgage, and UCCs would not be released until the VF Loan was
 11 paid. A true and correct copy of the VF Loan is attached hereto as Exhibit H.

12 20. While Rabo is now asserting that the VF Loan is secured by the Real
 13 Property and Personal Property, Rabo did not give notice to any of the borrowers
 14 under the 2009 Credit Agreement or the 2018 Credit Agreement that Cody
 15 Easterday was seeking the VF Loan.

16 21. On or about February 8, 2021, Easterday Farms, a Washington
 17 general partnership, the borrower under the VF Loan, filed for bankruptcy
 18 protection in the United States Bankruptcy Court for the District of Eastern
 19 Washington, case No. 21-00176. Rather than pursue its claim against the debtor in
 20 bankruptcy, Rabo is demanding that Plaintiffs pay the VF Loan despite the fact
 21 that the VF Loan was unsecured, and Plaintiffs did not apply for, or sign for, the
 22 VF Loan.

23 **FIRST CAUSE OF ACTION**

24 **(Declaratory Judgment (RCW 7.24, *et seq.*))**

25 22. Plaintiffs re-allege paragraphs 1 through 21.

26 23. Rabo's wrongful refusal to release the 2009 Mortgage, the 2018

1 Mortgage, and the UCCs based on its allegation that the VF Loan is secured by the
2 Real Property and the Personal Property, presents a justiciable controversy as to
3 the Plaintiffs' relations and interests under the 2009 Mortgage, the 2018 Mortgage,
4 and the UCCs.

5 24. There is an actual present and existing dispute whether Rabo was
6 required to acknowledge the satisfaction of the 2009 Mortgage, the 2018
7 Mortgage, and the UCCs. The interests of Plaintiffs are genuine and in opposition
8 to Rabo's interest. The parties' respective interest in this dispute are direct and
9 substantial and a judicial determination that the 2009 Credit Agreement and 2018
10 Credit Agreement have been paid in full and that Rabo is required to acknowledge
11 satisfaction of the 2009 Mortgage and the 2018 Mortgage and release the UCCs,
12 will be a final and conclusive determination in this matter.

13 **SECOND CAUSE OF ACTION**

14 **(Quiet Title (RCW 7.28, *et seq.*))**

15 25. Plaintiffs re-allege paragraphs 1 through 21.

16 26. 3E Properties brings this action to quiet title to the Real Property
17 which is in 3E Properties' possession and which 3E Properties owns in fee simple
18 with several other non-parties. Rabo continues to assert some right, title, or
19 interest in the Real Property pursuant to the 2009 Mortgage, the 2018 Mortgage, or
20 the VF Loan.

21 27. 3E Properties has no adequate remedy at law and the determination
22 that Rabo has no right, title, or interest in the Real Property or the Personal
23 Property will be a final and conclusive determination in this matter.

24 **THIRD CAUSE OF ACTION**

25 ***(3E Properties v. Rabo – Slander of Title)***

26 28. Plaintiffs re-allege paragraphs 1 through 21.

1 29. The Real Property is in the exclusive custody and control of Plaintiffs
2 and other non-parties.

3 30. Rabo is the Mortgagee under the 2009 Mortgage and the 2018
4 Mortgage.

5 31. Plaintiffs satisfied their obligations under the 2009 Credit Agreement
6 and the 2018 Credit Agreement.

7 32. All obligations owed by Plaintiffs to Rabo have been satisfied and
8 paid in full.

9 33. Despite demand, Rabo has taken no action to release its interest in the
10 2009 Mortgage and the 2018 Mortgage despite Plaintiffs fully satisfying the loans
11 secured thereby.

12 34. Because Rabo received and accepted Plaintiffs' payments, the debts
13 secured by the 2009 Mortgage and the 2018 Mortgage have been fully satisfied.
14 Rabo was then required to release its interest from the Real Property.

15 35. Rabo unreasonably refuses to release its Mortgage interest despite
16 being fully paid. Rabo's actions have damaged Plaintiffs because the 2009
17 Mortgage and the 2018 Mortgage remain unjustified and improper clouds on title
18 to the Real Property.

19 36. The 2009 Mortgage and the 2018 Mortgage remain an encumbrance
20 on 3E Properties' title and has made it impossible to sell the Real Property and/or
21 use the Real Property as security for financing.

22 37. 3E Properties is entitled to a judgment in its favor declaring that
23 Rabo's 2009 Credit Agreement and 2018 Credit Agreement have been fully paid
24 and awarding 3E Properties damages in an amount to be proven at trial.

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FOURTH CAUSE OF ACTION

(Breach of Contract)

38. Plaintiffs re-allege paragraphs 1 through 21.

39. Rabo's refusal to release the 2009 Mortgage, the 2018 Mortgage, and the UCCs, despite being fully paid, has caused Plaintiffs financial losses.

40. Rabo is on notice that its liens demonstrated by the 2009 Mortgage, the 2018 Mortgage and the UCCs should be released.

41. Rather than releasing its liens, Rabo intentionally and willfully decided, with apparent malicious intent, to maintain its Mortgage interest in the Real Property.

42. Rabo has breached its agreements with Plaintiffs by failing and refusing to release its interest in the Real Property and the Personal Property.

43. Plaintiffs have performed all conditions precedent on their part.

44. As a result of Rabo's breach, Plaintiffs have been damaged in an amount to be proven at trial but believed to be not less than \$2,000,000.00.

45. Pursuant to the 2009 Mortgage, a prevailing party under a dispute such as this is entitled to recover their reasonable costs and attorneys' fees.

46. As a result of Rabo's breach, Plaintiffs are entitled to a judgment in Plaintiffs' favor in an amount to be proven at trial, but not less than \$2,000,000.00, together with Plaintiffs' reasonable costs and attorneys' fees incurred herein.

FIFTH CAUSE OF ACTION

(3E Properties v. Rabo – Failure to Acknowledge Satisfaction of Mortgage (RCW 61.16.030))

47. Plaintiffs re-allege paragraphs 1 through 21.

48. Rabo refuses to acknowledge 3E Properties' full satisfaction of the 2009 Mortgage and the 2018 Mortgage.

1 49. More than sixty (60) days have passed since 3E Properties demanded
2 Rabo acknowledge satisfaction of the 2009 Mortgage and the 2018 Mortgage.

3 50. Defendant's failure to acknowledge satisfaction is a violation of
4 RCW 61.16.020.

5 51. Pursuant to RCW 61.16.030, 3E Properties is entitled to an award of
6 its actual damages together with its reasonable costs and attorneys' fees, and an
7 order from the court acknowledging satisfaction of the mortgages.

8 **SIXTH CAUSE OF ACTION**

9 **(Mandatory Injunction)**

10 52. Plaintiffs re-allege paragraphs 1 through 21 and 39 through 46.

11 53. Plaintiffs continue to be harmed by Rabo's refusal to release its UCCs
12 securing the repaid loans.

13 54. Rabo's conduct continues to damage Plaintiffs and others.

14 55. Plaintiffs have no adequate remedy at law and are entitled to a
15 injunctive relief requiring Rabo to execute all necessary documents to release its
16 security interest in the Personal Property.

17 56. Plaintiffs are also entitled to their reasonable costs and attorneys' fees
18 incurred herein.

19 WHEREFORE, Plaintiffs pray for judgment in Plaintiffs' favor against Rabo
20 as follows:

21 1) On their first cause of action: A judgment declaring that all amounts
22 owed to Rabo by Plaintiffs secured by the 2009 Mortgage, 2018 Mortgage, and
23 UCCs have been paid in full;

24 2) On their second cause of action: A judgment quieting title in the Real
25 Property in fee title holders' names and declaring any claim of interest of Rabo
26 null and void;

1 3) On their third cause of action: A judgment finding that Rabo's refusal
2 to release its Mortgages on the Real Property constitutes a slander of title and
3 awarding Plaintiffs an amount to be proven at trial but not less than \$2,000,000.00;

4 4) On their fourth cause of action: A judgment in Plaintiffs' favor based
5 on Defendant's breach of its agreements with Plaintiffs and awarding damages in
6 an amount to be proven at trial;

7 5) On their fifth cause of action: A judgment in Plaintiff 3E Properties'
8 favor awarding its actual damages as proved at trial, together with its reasonable
9 attorney's fees incurred herein; and an order acknowledging the full satisfaction of
10 the 2009 Mortgage and the 2018 Mortgage;

11 6) On their sixth cause of action: A judgment in Plaintiffs' favor
12 imposing a mandatory injunction requiring Rabo to execute all documents
13 necessary to release its interests in the Real Property and Personal Property;

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